

Yovich & Co. Weekly Market Update

23rd June 2025

Market News

	NZX 50G	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD	OCR
Previous Week 13 th June	12552.87	8770.58	3377.00	8850.63	42197.79	19406.83	0.9276	0.6014	3.25%
Week Close 20 th June	12569.05	8723.54	3359.90	8774.65	42206.82	19447.41	0.9255	0.5961	3.25%
Change	0.13%	-0.54%	-0.51%	-0.86%	0.02%	0.21%	-0.23%	-0.89%	0.00%

New Zealand’s economy grew by 0.8% in the March 2025 quarter, outperforming both market expectations (0.7%) and the Reserve Bank of New Zealand’s forecast (0.4%). This marks the strongest quarterly performance since mid-2023 and follows a revised 0.5% rise in Q4 2024. On an annual basis, GDP contracted 0.7%, a smaller decline than the previous quarter’s 1.1% drop. Growth was broad-based across all major sectors, with particularly strong contributions from business services and manufacturing. On the demand side, household consumption rose by over 1.3%, alongside gains in public spending and residential investment. Net exports had a minimal impact. The stronger-than-expected Q1 data gives the RBNZ more flexibility, likely prompting a hold in the Official Cash Rate at its July meeting, though easing may still be on the table for later in the year as soft Q2 indicators suggest the recovery remains fragile.

At its 18 June 2025 meeting, the U.S. Federal Reserve held the federal funds rate steady at 4.25–4.50%, as widely expected. Updated dot plot projections indicated a median expectation of two 25-basis-point rate cuts later in 2025, though a growing number of Fed officials now see the potential for no cuts at all. Chair Jerome Powell warned that new tariffs could add to inflationary pressures, emphasizing that "someone has to pay for the tariffs," as core PCE inflation continues to run above target at approximately 2.4% year-on-year. The Fed also revised its economic outlook, downgrading growth expectations to around 1.4% GDP and lifting its inflation forecast to 3.1% for core PCE, prompting concerns about stagflation. Markets responded cautiously.

As of **20 June 2025**, the **VIX** (Cboe Volatility Index) sits at approximately **20.6**, down from around **22.2** at mid-week. This level signals moderate investor anxiety—higher than “calm market” territory but not yet in panic mode. The recent escalation in Middle East tensions, including U.S. and Israeli strikes on Iran’s nuclear sites, has driven up uncertainty, leading to elevated volatility expectations. While these headlines can be unsettling, it’s important to stay focused on your long-term goals, and ensure that you portfolio is built with diversification in mind to weather periods like this.

The biggest movers of the week ending 20 th June 2025			
Up		Down	
Tourism Holdings	56.85%	KMD Brands	-11.29%
Briscoe Group	8.01%	Vulcan Steel	-4.39%
Oceania Healthcare	6.45%	Vista Group International	-3.63%
Gentrack Group	5.98%	Meridian Energy	-3.58%
Infratil	4.14%	Summerset Group	-3.54%

Source: Iress

Investment News

Santos (STO.ASX)

Santos Limited has received a non-binding, indicative proposal from a consortium led by XRG P.J.S.C. (a subsidiary of Abu Dhabi National Oil Company), ADQ, and Carlyle to acquire all Santos shares for US\$5.76 (A\$8.89) per share via a scheme of arrangement. This offer represents premiums of up to 44% over recent share prices and follows earlier proposals in March. The proposal is subject to confirmatory due diligence, regulatory approvals, and the negotiation of a binding scheme implementation agreement. The Santos Board has agreed to provide due diligence access and, if terms are agreed and no superior offer emerges, intends to unanimously recommend the offer to shareholders

Current Share Price: AUD\$7.80, **Proposed Takeover Price:** AUD\$8.89.

KMD Brands Limited (KMD.NZ)

KMD reported a mixed trading update for the 10 months to May 2025, with total group sales down 0.5% year-on-year. Rip Curl saw modest growth of 0.4%, driven by strong North American retail performance, while Oboz remained down 4.1% despite improving wholesale trends. Kathmandu sales declined 1.0% YTD, impacted by unseasonably warm weather in Australia, though momentum returned in June with a 13.2% lift in sales in the first 17 days. Group online sales rose 10.7% YTD, with Kathmandu's new e-commerce platform delivering a 26.1% increase since May. Gross margin remains under pressure as all brands focus on cashflow in a competitive retail environment.

Current Share Price: \$0.28, **Consensus Target Price:** \$0.44.

Channel Infrastructure (CHI.NZ)

Channel Infrastructure Limited has announced a refreshed Capital Allocation Framework, reflecting increased confidence in its growth outlook and financial resilience. The company has raised its dividend policy pay-out ratio from 60–70% to 70–90% of Normalised Free Cash Flow and expects to pay a total FY25 dividend of 12.0–12.5 cents per share, up from 11.0 cents in FY24. A Dividend Reinvestment Plan will be introduced with the FY25 interim dividend, with full details to follow in August. The Board is also reviewing the company's leverage range to assess whether additional borrowing could support future growth while maintaining financial stability. In line with its strategic ambitions, CHI is considering a foreign-exempt dual listing on the ASX within the next 12 to 24 months if a significant growth opportunity materialises. FY25 financial guidance remains unchanged, with expected EBITDA from continuing operations between \$89–94 million, maintenance capital expenditure forecasted at 8–10% of revenue, and cash flow conversion broadly consistent with FY24. Channel Infrastructure continues to evolve as a growth-oriented infrastructure provider with stable, long-term indexed contracts and a focus on supporting New Zealand's energy transition and fuel resilience.

Current Share Price: \$2.15, **Consensus Target Price:** \$2.17, **Forecasted Gross Dividend Yield:** 5.70%.

Upcoming Dividends: 24th June to 24th July.

Description	Security	ExDivDate	BooksClose	Gross Dividend Amount	Pay Date
Temp Market	TEM	26-Jun-25	27-Jun-25	7.31cps	31-Jul-25
Scales Corp	SCL	30-Jun-25	01-Jul-25	9.26cps	11-Jun-25
Mainfreight	MFT	10-Jul-25	11-Jul-25	120.83cps	18-Jul-25
Turners Automotive Group	TRA	11-Jul-25	12-Jul-25	12.5cps	29-Jul-25
Henderson Far East Income Limited	HFL	24-Jul-25	25-Jul-25	14.0cps	29-Aug-25

Source: Iress

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